

DRAFT
Talking Points
Medicaid
Thursday, June 19, 2008

I've just met with the Speaker and Lieutenant Governor on the issue of Medicaid funding. We all had a good, frank discussion.

I reiterated my thoughts that unless a fair, permanent, sustainable funding solution can be found when the Special Session resumes next Thursday, state law forces the Governor to make cuts in the program because of the current \$90 million deficit.

Taking \$375 million out of the Mississippi economy -- that's the level of cuts necessary due to the state-federal match nature of the program -- through Medicaid cuts is not my preferred course of action.

While no one would be removed from Medicaid rolls, such cuts would hurt hospitals and other providers, as well as health care in Mississippi.

But, as Governor, I will obey the law.

The only fair, permanent, sustainable solution on the table is SB 2013, a compromise that passed the Senate on an overwhelming, bipartisan vote of 41-to-7.

This is the compromise developed through exhaustive negotiations among the Mississippi Hospital Association, the Division of Medicaid and the Governor's office; then, passed by the Senate.

It is a funding methodology that allows hospitals to get back \$6 for every \$1 they put in through a per-patient-bed tax that would replace three taxes some hospitals currently pay.

SB 2013 simply adjusts the tax hospitals have historically paid. For 15 years, some Mississippi hospitals paid part of the state Medicaid match and received federal Medicaid reimbursements. Under SB 2013 all hospitals in Fiscal Year 2009 would, collectively, pay in \$200 million and get back \$1.25 billion in reimbursements and distributions.

The House's approach is to dip into the state's rainy day fund for more one-time money that is nothing more than a temporary reprieve for Medicaid's current \$90 million shortfall.

This would be a windfall for Mississippi's hospitals on the backs of Mississippi taxpayers.

We can do better.

We need a permanent, long-term solution, not a temporary, stop-gap measure that merely prolongs the agony and forces the debate over Medicaid funding to continue for another year.

Some have suggested an increase in the tobacco tax to fund Medicaid. That is a horrible idea and earlier this week I sent around six reasons why it's a horrible idea.

I said:

- Hospitals reap the benefits so hospitals should pay the tax, and have volunteered to do so because it's a good, fair deal.
- As passed by the Senate, SB 2013 allows hospitals to pay their fair share of Medicaid-related taxes, which they have agreed to do.
- Tying tobacco taxes to Medicaid takes the taxes off the table for at least 19 other uses proposed by the Legislature since 2004. (REFER TO CHART)
- It's illogical to tie tobacco taxes, a declining stream of revenue, to Medicaid, a growing need.
- Increasing tobacco taxes was not in the call for the current Special Session.
- SB 2013 is a fair method of sustaining Medicaid over the long-term, keeping the program solvent for some of Mississippi's most vulnerable people.

Even though the House has tried and failed to pass an increase in tobacco taxes to fund Medicaid, I know the issue of raising cigarette taxes remains like a shadow over the current debate.

As you know, a Tax Study Commission I appointed is getting into the nuts and bolts of a report I expect to have by the end of August that will help guide many decisions we face about taxes.

I can tell you today, I fully expect the commission to suggest an increase in tobacco taxes, and I expect to consider such an increase as part of a comprehensive proposal on tax reform I will submit to the Legislature in the 2009 Regular Session.

That is the time for debate over the proper use of revenue raised by increasing the tobacco tax. I welcome that debate at that time.

As for now, however, Medicaid requires a fair, permanent, sustainable funding solution.

I again encourage the House to adopt SB 2013 as the best solution for Medicaid over the short and long term.

Let's put Medicaid on a stable foundation for now and for years to come.